Message Text

SECRET

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INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11 TRSE-00 EB-08 OMB-01 AID-05 ACDA-12 AGRE-00 HA-05 DOE-15 SOE-02 ARA-10 /135 W

-----043029 260854Z /10

R 250820Z JUN 78

FM AMEMBASSY SANA

TO SECSTATE WASHDC 5142

INFO AMEMBASSY JIDDA

AMEMBASSY MUSCAT

AMEMBASSY LONDON

AMEMBASSY AMMAN

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY ABU DHABI

AMEMBASSY TEHRAN

AMEMBASSY BONN

SECRET SECTION 1 OF 2 SANA 3073

CORRECTED COPY (TEXT)

E.O. 11652: GDS

TAGS: PGOV, YS, GW, SA, US SUBJECT: IMPRESSIONS OF PDRY

BEGIN SUMMARY: WEST GERMAN DIPLOMAT, RESIDENT IN ADEN, DESCRIBED LIFE AND GOVERNMENT IN PDRY. NOTE: TRANSMISSION THIS MESSAGE DELAYED FOR TWO DAYS BY ASSASSINATION IN SANA. END SUMMARY.

1. WERNER DAUM IS YOUNG FRG DIPLOMATE WHO WAS ASSINGED FROM SANA TO ADEN TO HEAD SMALL WEST GERMAN EMBASSY IN PDRY. HE IS VERY HARD WORKING AND METICULOUS OBSERVER WHOSE EFFORTS TO GATHER INFORMATION ON LIFE UNDER REGIMENTED SECRET

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REGIME IN SOUTH ARE WORTH PASSING ON.

2. DAUM IS, OF COURSE, DEPRESSED BY ISOLATION IMPOSED ON HIM AS DIPLOMAT. HE NOTES THAT ONLY SOVIETS AND CERTAIN EAST GERMANS ARE ABLE CROSS BARRIERS ERECTED BY PDRY. DAUM IS FORBIDDEN SPEAK TO SOUTH YEMENIS. HE IS TAILED IN ADEN AND PRE-

VENTED FROM LEAVING CITY WITHOUT A PASS. IN SMALL POPULAR RESTAURANTS WHICH DAUM FREQUENTS AS BACHELOR, HE CANNOT SIT AT TABLE WITH OTHER YEMENIS.

- 3. NEVERTHELESS, WITH GERMANIC PERSISTENCE DAUM HAS MADE REMARKABLE NUMBER OF CONTACTS, MANY BY SIMPLY CALLING OFFICIALS BY TELEPHONE ON ONE PRETEXT OR ANOTHER. HE GETS TO SEEM SOME OFFICIALS, APPARENTLY, BY NOT MAKING CLEAR WHICH GERMANY HE COMES FROM. ON HIS RARE TRIPS OUTSIDE OF CAPITAL, HE ASSIDUOUSLY PICKS UP HITCHHIKERS.
- 4. SALIENT ECONOMIC FACTS THAT HE PASSED ALONG TO CHARGE ON WEDNESDAY, JUNE 21, CONCERN IMPACT OF REMITTANCES ON LOCAL ECONOMY. ACCORDING TO CONVERSATION HE HAD WITH DIRECTOR OF PLANNING FOR PDRY, WHO WAS CLEARLY PLEASED TO BE TALKING ARABIC WITH GOOD EAST GERMAN FRIEND, REMITTANCES WERE CALCULATED AT 90 MILLION DINARS FOR LAST YEAR. AS GOVERNMENT BUDGET IS ONLY 45 MILLION DINARS--DINAR IS ABOUT \$3 TO ONE--IT IS CLEAR THAT FOREIGN CURRENCY HOLDINGS DEPEND HEAVILY ON PRIVATE EXCHANGE TRANSACTIONS. DIRECTOR OF PLANNING BELIEVES ALL SUCH EXCHANGE FLOWS THROUGH CENTRAL BANK AS PART OF SEVERAL AGREEMENTS IT HAS BEEN ABLE TO MAKE WITH BANKS IN SAUDI ARABIA, KUWAIT AND GULF. DAUM OBSERVES THAT AN END TO THESE AGREEMENTS WOULD DEAL A DEVESTATING SECRET

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BLOW TO LOCAL GOVERNMENT PURCHASING PLANS OF FOREIGN EQUIPMENT.

- 5. ACCORDING TO DAUM, HOWEVER, SOVIETS HAVE AGREED TO 586 MILLION RUBLES SPENDING IN FOREIGN AID OVER FIVE YEARS. AGREEMENT DATES BACK TO MID 1977 WHEN SOVIETS DECIDED MAKE DETERMINED STAND AGAINST SAUDI FINANCIAL BLANDISHMENTS. DAUM BELIEVES THAT AGREEMENT IS INTENDED TO COVER MILITARY SHIPMENTS AS WELL AS ECONOMIC AND OTHERWISE INCLUDES MOSTLY PROJECT AID RATHER THAN CASH SUBSIDIES TO BUDGET. SUM IS NEVERTHELESS IMPRESSIVE EVEN WHEN COMPARIED TO PROMISES RPT PROMISES OF SAUDIS. DIFFERENCE, OF COURSE, IS THAT SOVIETS ARE MAKING DELIVERIES IN ALL AREAS, WHEREAS SAUDIS WERE UNALBLE MOVE VERY QUICKLY AFTER MAKING PROMISES.
- 6. DESPITE MAGNITUDE OF SOVIET AID, IMPACT IS MUCH CLEARER IN SECURITY AND MILITARY FIELD THAN IN ECONOMIC. THERE IS LITTLE TO EAT BUT BEANS AND BREAD. EVEN SOVIET WOMEN MUST LINE UP AT DIPLOMATIC STORE STARTING AT 4 O'CLOCK IN MORNING TO BUY STAPLES LIKE POTATOES AND CANNED VEGETABLES. WESTERN DIPLOMATES PAYING IN

CONVERTIBLE CURRENCIES CAN PLACE ORDERS IN ADVANCE AND GET MOST OF WHAT THEY WANT. SHORTAGES OF STAPLES FOR GENERAL POPULATION, HOWEVER, ARE COMPOUNDED BY SHORTAGES OF ALL OTHER GOODS, LIKE REFRIGERATORS. AFTER COLLAPSE OF 15 YEAR OLD REFRIGERATOR BELONGING TO SERVANT IN DAUM'S HOUSEHOLD, SERVANT ANNOUNCED HE HAD BEEN TOLD WAITING LIST FOR REFRIGERATORS WAS 61,000 NAMES LONG AND IMPORT QUOTA 4,000 A YEAR. ALMOST ALL 4,000 WENT TO PARTY MEMBERS.

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-----041222 251022Z/10

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FM AMEMBASSY SANA

TO SECSTATE WASHDC 5143

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AMEMBASSY TEHRAN AMEMBASSY BONN

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7. SOVIET AND EAST BLOC AID PROJECTS ARE POORLY ORGANIZED AND SOMETIMES SIMPLY ABANDONED. UNDER-EMPLOYMENT IS EVIDENT EVERYWHERE EXCEPT IN HADHRA-MAUT WHERE LOCAL INHABITANTS HAVE BEEN ABLE TO MAINTAIN PRIVATE PLOTS AND BUILD PRIVATE HOUSES. HADHRA-MAUT, THEREFORE, APPEARS TO BE BOOMING WITH NEW CONSTRUCTION AND SOME MECHANICAL FARM IMPLEMENTS ARE IN EVIDENCE. FOR REST OF COUNTRY ONLY ECONOMIC SECTOR THAT APPEARS TO BE ACTIVE IS SALE OF QAT WHICH REMAINS IN PRIVATE HANDS FOR TWO DAYS A WEEK WHEN IT MAY BE SOLD.

8. TRANSSHIPMENT OF GOODS TO YEMEN REMAINS MAINSTAY OF PORT BUT IS NOT LARGE SUM FOR PDRY, IN OPINION OF DAUM. HE SAID THAT ON ONE RANDOM 2-DAY PERIOD HE SECRET

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COUNTED TRUCKS MOVING PAST HIS WINDOW FROM PORT. THERE WERE 50 TRUCKS WITH NORTH YEMEN PLATES, MOSTLY CARRYING BOXES OF FOOD OR MANUFACTURED ITEMS. SHIPPING APPEARS TO BE DOWN OVER PERIOD OF 6 TO 8 MONTHS AGO AND REFINERY CONTINUES TO SPUTTER ALONG AT ABOUT 20 PERCENT CAPACITY, ALMOST ALL DESTINED FOR NORTH YEMEN. DAUM POINTS OUT THAT SALES TO NORTH YEMEN CONSTITUTE ANOTHER WEAK POINT, LIKE REMITTANCES, TO PDRY ECONOMY.

9. DAUM CLAIMS THAT WHERE PDRY EXCELS IS IN FIELD OF COMMUNICATIONS. ENDLESS STREAM OF MESSAGES AND INFORMATION POUR FORTH FROM RADIO AND TELEVISION STATIONS AND CIRCULATE IN SCHOOLS AND OFFICES IN FORM OF BROADSIDES AND STUDY GROUPS. HE BELIEVES THAT, FOR ALL THE UNPOPULARITY OF LOCAL REGIME, INHABITANTS HAVE BEEN CONVINCED OF PRIMACY AND INEVITABILITY OF STRUGGLE BETWEEN SOCIALIST AND CAPITALIST CAMPS. BRAINWASHING IS, OF COURSE, MAINSTAY OF REGIME AND COMPROMISE WITH SAUDIS WOULD WEAKEN CLAIM WHICH PDRY CAN EXERCISE OVER LOYALTY OF ITS OWN CITIZENS AND EMPLOYEES.

10. ACCORDING TO DAUM, THERE IS NO SCENT OF SUCH A COMPROMISE IN AIR NOW, UNLIKE YEAR BEFORE. EVEN MILITARY NOW BEING PURGED ALONG WITH GOVERNMENT. CONSENSUS IS THAT ABD AL-FATTAH ISMAIL WING IS WINNING AND WINNING BIG. DAUM IS UNABLE TO SUPPLY MUCH INFORMATION ON POLITICAL SHIFTS, HOWEVER, AS THESE ARE CONFINED TO MANEUVERS AND IMAGININGS OF VERY SMALL GROUP OF YEMENIS AT TOP OF PARTY AND GOVERNMENT APPARATUS.

11. GIVEN HIS VIEW OF ADVERSE TRENDS IN POLITICS, HOWEVER, DAUM WAS CURIOUS AS TO WHY US SENDING SECRET

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MISSION TO ADEN NOW. HE SAID WEST GERMAN EMBASSY IN JIDDA HAD LEARNED FROM SAUDIS OF FAHD REQUEST TO US TO TRY AGAIN AND DAUM ALSO KNEW OF SAUDI REQUEST TO KUWAITIS. DAUM SHRUGGED OFF THESE LFBS AS INOPPORTUNE AS LONG AS US AND SAUDIS APPEARED TO BE ON DEFENSIVE IN HORN. DAUM SAID HIS IMPRESSION FROM PDRY

--- ADMITTEDLY BASED ON MARGINAL CONTACTS DESCRIBED EARLIER --- WAS THAT SOVIETS AND CUBANS HAD ROUTED US AND SAUDIS AND WOULD NOW SEEK TO EXPAND THEIR POSITION STARTING FIRST WITH DHOFAR BUT NOT NEGLECTING NORTH YEMEN.

COMMENT: INFORMATION FROM DAUM CONCERNING COMMUNICATIONS AND ECONOMICS GIVES A GOOD IDEA OF WHERE BATTLE CAN AND MUST BE WAGED AGAINST PDRY IF IT RENEWS ITS POLICY OF EXPORT OF REVOLUTION TO NEIGHBORING PENINSULAR COUNTRIES. IT ALSO MAKES CLEAR THAT EMBASSY IN ADEN, HOWEVER LIMITED, CAN HAVE SOME VALUE AS POST FOR OBSERVATION AND LISTENING. I WOULD HOPE THAT EMBASSY BONN COULD FOLLOW UP IN FOREIGN OFFICE WITH INQUIRIES ABOUT FRG REPORTING FROM ADEN. IN BROADER PICTURE, HOWEVER, EMBASSY IN ADEN IS OF LITTLE VALUE UNLESS IT IS PART OF WIDER EFFORT TO CHANGE IMAGE OF US AND OPPOSE RADICAL AND SOVIET DESIGNS IN HORN OF AFRICA MORE VIGOROUSLY.

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IN PDRY. NOTE TAGS: PGOV, YS, GE, SA, US, (DAUM, WERNER)

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